

BEFORE THE
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Eight)

Docket No. RM2015-17

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE
TO ORDER NO. 2661 CONCERNING RULEMAKING ON
ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSAL EIGHT)

September 9, 2015

I. INTRODUCTION

The Public Representative hereby files Comments pursuant to the Commission's Notice of August 12, 2015 in this docket of the Postal Service's petition for rulemaking of analytical principles used in periodic reporting.¹

On August 5, 2015, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider a change in analytical methods for use in its periodic reporting.² The Petition labels the proposed analytical method change filed as Proposal Eight.

To clarify the Postal Service's Petition, the Chairman issued one information requests.³ The Postal Service responded to the information requests on August 27, 2015⁴

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Eight), August 12, 2015, Order No. 2661 (Notice).

² Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Eight), August 5, 2015 (Petition).

³ Chairman's Information Request No. 1, August 20, 2015 (CHIR No. 1).

⁴ Response of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 1, August 27, 2015 (Response to CHIR No. 1).

II. BACKGROUND

The Petition was filed in response to Order No. 2472, which directed the Postal Service “to file a proposed methodology for determining the costs avoided for the 5-digit pallet presort Standard Mail Carrier Route flats workshare discount, as described in the body of [Order No. 2472], within 90 days of the date of [Order No. 2472].”⁵

The Postal Service seeks to modify the Standard Mail Flats Cost Model to produce estimates of mail processing cost avoidances for Carrier Route pieces on 5-Digit Carrier Route pallets. Petition at 2. The Postal Service explains that prior to Docket No. R2015-4, customers of the Carrier Route product only received entry discounts. *Id.* In Docket No. R2015-4, the Postal Service introduced a new workshare discount for pieces prepared on 5-Digit Carrier Routes (CRTS) Pallets. *Id.*

The Postal Service explains that commercial mailers who mail at least 250 pounds of Carrier Route mail destinating in a 5-Digit or 5-Digit Scheme (Labeling List L001) can prepare CRTS pallets. These CRTS pallets enable the Postal Service to cross-dock the pallet directly to the delivery unit and bypass all bundle sortation operations. *Id.* at 2-3. The Postal Service further explains that the structure and methodology used to estimate cost avoidances of Standard Mail Flats is used to estimate the avoided costs of pieces prepared on CRTS pallets.

Under this proposal, the Postal Service states that the general architecture of the Standard Mail Flats Cost Model is retained, but it is expanded to explicitly model the unique characteristics and flows of Carrier Route flats. *Id.* Specifically, the methodology employed to calculate bundle and piece flows are identical to those employed in the Standard Mail Flats model, but the flow parameters specific to Carrier Route are changed. The Postal Service states that the preparation profile for Carrier Route pieces on CRTS pallets and Carrier Route pieces on all other containers is also taken from the Mail Characteristics Study (MCS) in USPS-FY14-14 as in the Standard Flats model.

⁵ Docket No. R2015-4, Order on Revised Price Adjustments for Standard Mail, Periodicals and Package Services Products and Related Mail Classification Changes, May 7, 2015, at 63 (Order No. 2472).

The Postal Service notes that the preparation profile includes only pieces that qualify for Carrier Route rates under the new qualification standards which excludes pieces prepared in FSS bundles. *Id* at 3.

III. COMMENTS

The Public Representative recommends Commission approval of Proposal Eight. The modification in the modeling methodology used in the Standard Mail Flats Costs Model will enable the Postal Service to produce estimates of mail processing cost avoidances for Carrier Route pieces on 5-Digit Carrier Routes pallets. These avoided costs estimates will facilitate the evaluation of the new workshare discounts for Carrier Route pieces prepared on 5-Digit Carrier Route (CRTS) Pallets and thereby ensure compliance of the Postal Service with 39 U.S.C. 3622(e).

IV. CONCLUSION

The Public Representative respectfully submits the foregoing Comments for the Commission's consideration.

Respectfully submitted,

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